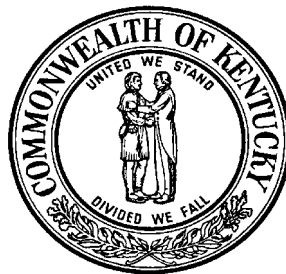


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE KNOTT COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period July 1, 2001
Through November 27, 2002**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

Dana Mayton, Secretary, Revenue Cabinet
Honorable Carl Slone
Knott County Property Valuation Administrator
Hindman, Kentucky 41822-1021

Independent Accountant's Report

We have performed the procedures enumerated below, which were agreed to by the Knott County Property Valuation Administrator, solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period July 1, 2001 through November 27, 2002. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Knott County Property Valuation Administrator. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the Property Valuation Administrator has a receipt ledger, a disbursement ledger, and reconciles bank records to books each month.

Finding -

The Property Valuation Administrator did not reconcile bank statements to the books each month. There was a variance of \$27.12 between books and bank, however the bookkeeper has located this and will make corrections.

Client Response: These corrections have been made.

2. Procedure -

Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

All city receipts were properly accounted for.

Client Response: Agree with finding.

Dana Mayton, Secretary, Revenue Cabinet
Honorable Carl Slone
Knott County Property Valuation Administrator
(Continued)

3. Procedure -

Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Revenue Cabinet. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the Property Valuation Administrator's local bank account.

Finding -

The fiscal court paid the estimated statutory contribution of \$22,241 instead of the \$23,456 certified amount, leaving an accounts receivable of \$1,215.

Client Response: Agree with finding.

4. Procedure -

Select a sample of disbursements from available Property Valuation Administrator's records and agree amounts to cancelled checks, paid invoices, or other supporting documentation. Determine if the expenditure is for official business.

Finding -

Selected disbursements agree with cancelled checks and invoices. All selected disbursements were for official business.

Client Response: Agree with finding.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets.

Finding -

Capital outlay disbursements were properly accounted for.

Client Response: Agree with finding.

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The Property Valuation Administrator did not enter into or have any lease agreements, personal service contracts or professional service contracts to review.

Client Response: Agree with finding.

Dana Mayton, Secretary, Revenue Cabinet
Honorable Carl Slone
Knott County Property Valuation Administrator
(Continued)

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Property Valuation Administrator and the Revenue Cabinet and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Engagement fieldwork completed -
November 27, 2002